



## Office of the Ohio Consumers' Counsel

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**Before**  
**The Ohio House of Representatives**  
**Finance Committee**  
**Finance Subcommittee on Agriculture, Development, and Natural Resources**  
**Testimony on House Bill 49 – Agency Budget**

**Presented by Bruce Weston**  
**Ohio Consumers' Counsel**  
**February 16, 2017**

Chairman Thompson, Ranking Member Kelly and Members of the Finance Subcommittee, thank you for this opportunity to testify. I am Bruce Weston, the Ohio Consumers' Counsel. I am testifying in support of the Administration's budget proposal for the Office of the Ohio Consumers' Counsel. The budget funds our services on behalf of 4.5 million Ohioans regarding their electric, natural gas, telephone, and water utility services. My testimony also includes a matter related to our budget, involving assistance to Ohioans with their utility-related complaints. With me today are Deputy Consumers' Counsel Larry Sauer and Chief of Staff Monica Hunyadi.

### **Overview**

I thank the Administration for proposing an annual budget of \$5.54 million, which is nearly at the Consumers' Counsel's current annual budget of \$5.64 million. (H.B. 49, Lines 95553 to 95557.) We use the budget to represent and educate Ohio's residential utility consumers. And, as I have said to Chairman Thompson over time, my staff and I want to be helpful to you, your colleagues and your constituents on utility consumer issues. I have been, and will continue to be committed to delivering value for Ohioans with our budget.

Here is some brief history about the agency and its consumer protection. The Ohio General Assembly created the agency in 1976, to represent Ohio's residential consumers on issues related to their utility services, including the price and quality of those services. The Consumers' Counsel provides a customer perspective in utility-related cases at regulatory agencies and the courts. A majority of our cases are at the Public Utilities Commission of Ohio (PUCO), where we appreciate the opportunity to present evidence and law from a consumer perspective. Similar to a judge, the PUCO makes decisions based on the evidentiary record and the law.

The agency's Mission is to "advocate for Ohio's residential utility consumers through representation and education...." The agency's Vision is for "Informed consumers able to choose among a variety of affordable, quality utility services with options to control and customize their utility usage."

The Consumers' Counsel provides residential utility consumers with a voice in cases where they otherwise would have little or none. Utility cases are complex and technical. Technical expertise is required to participate effectively in the process, which is a significant use of our budget. Ohioans are unlikely to have the time or resources to advocate on their own behalf in these cases where utilities and certain other parties are represented by lawyers and technical experts.

The Consumers' Counsel also provides consumer perspectives to you and your colleagues in the General Assembly through the legislative process. As mentioned, I welcome the opportunity to help Members with inquiries from constituents, with input on legislation and in any other way.

Additionally, we provide outreach and education to Ohioans as a way to help them save money on their utility bills. For example, we educate consumers regarding their choices for energy suppliers.

During our 40 years of service, the Consumers' Counsel has helped Ohioans save a lot of money on their utility bills. And those savings outweigh the cost of our budget.

### **Funding and Budget**

The Consumers' Counsel's funding does not come from Ohio's General Revenue Fund (taxes). Instead, the General Assembly decided the agency would be funded through a fee on the intrastate gross earnings of utilities and other entities regulated by the PUCO. That process is similar to how the PUCO is funded in part.

If all regulated entities charged their customers for the cost of the Consumers' Counsel's budget, this charge would cost consumers a few cents for every \$100 in utility bills. This amount is equivalent to less than a dollar a year for a typical residential consumer. We typically are able to save consumers much more money than this cost, either individually or by working with other stakeholders.

### **Continued Cost Reductions and Efficiencies**

In Fiscal Year 2012 (beginning July 1, 2011), the agency's annual operating budget was reduced from \$8.5 million to the current level, \$5.6 million, with a related reduction of about half of the staff. The Consumers' Counsel has continued to serve Ohioans, consistent with this reduced budget. Cost reductions that were developed at that time are continuing, as are our efforts for more efficiencies. The continuing cost reductions from the decreased budget include: the earlier workforce reductions (several dozen positions); closing the consumer call center; and reducing floor space from the rent. I am grateful to the Consumers' Counsel's staff for their work ethic and productivity in our services to Ohioans.

In addition, there are new efficiencies through technology upgrades. An example is the Administration's centralizing of IT licensing. The agency also has endeavored to deploy contract

services for technical expertise where effective in lieu of hiring salaried personal services. And we use our Twitter account and YouTube videos to reach more Ohioans.

### **Office Structure**

The Ohio Attorney General appoints the agency's nine-member, bi-partisan Governing Board. The Board Chair is Gene Krebs and the Vice-Chair is Mike Watkins. The agency Governing Board appoints two positions: the Ohio Consumers' Counsel and the Deputy Consumers' Counsel. The Consumers' Counsel's staff and I are very fortunate to have the guidance of these Board members who volunteer their time to help their fellow Ohioans.

The agency's budget for delivering services is mainly payroll at about 74 percent. The Consumers' Counsel's staff is organized into four departments working together to achieve our mission and vision for Ohio consumers.

**Analytical Department:** Utility cases are complex. Technical expertise, for analysis and expert testimony, is needed to advocate for Ohio consumers in utility cases and for other projects. Expertise can be needed in the areas of accounting, economics, engineering, finance, and other disciplines.

**Legal Department:** The Consumers' Counsel is the legal representative for Ohio's residential utility consumers in cases at the PUCO, Federal Energy Regulatory Commission, Federal Communications Commission, the Supreme Court of Ohio and elsewhere. These cases can take months or sometimes even years to complete. The legal process can include written discovery, oral depositions, preparation and presentation of expert testimony, hearings with cross-examination of expert witnesses, and filing briefs and motions.

**Operations Department:** The Operations Department provides fiscal and administrative support for the agency. These functions include Human Resources, Fiscal Processing and IT.

**Public Affairs Department:** The Public Affairs Department provides education for consumers, responds to media requests, and provides constituent assistance to legislators. Public Affairs maintains our educational publications and website for assisting consumers.

### **Consumer Rate Information**

Consumers' Counsel Board Chair Gene Krebs encourages me to share consumer data with legislators. I have attached three charts to my testimony. Two of the charts are based on data from the U.S. Energy Information Administration, as indicated on the charts.

The first chart reflects the need for continuing efforts by the Board and the agency to reduce Ohioans' electric bills, given that 33 states are identified with lower average residential electric rates than Ohio. The second chart shows that, since 2008, Ohioans have experienced the second greatest increase in their electric rates compared to their counterparts in other restructured (deregulated) states, some of whom are seeing rate decreases. These results of higher charges could be improved for Ohio electric consumers by giving Ohioans more of the benefits of competition under the 1999 energy law. That means using market pricing for what consumers pay for electric generation, among other things. And it means protecting Ohioans from paying subsidies to electric utilities. In this regard, a copy of our "Subsidy Scorecard" is attached, showing the \$14.7 billion in subsidies that Ohio electric utilities have been authorized to collect from consumers since 2000. Also, the agency Governing Board last year issued a report, entitled "Everyone is Unhappy," with information for policymakers and others regarding the impact of electric services on Ohio consumers.

## **Consumer Assistance**

Finally, I recommend a clarification to Ohio Revised Code 4911.021, which was enacted in 2011.

ORC 4911.021 states as follows:

The consumers' counsel shall not operate a telephone call center for consumer complaints. Any calls received by the consumers' counsel concerning consumer complaints shall be forwarded to the public utilities commission's call center.

The second sentence of ORC 4911.021 does not allow the Consumers' Counsel to assist Ohioans who call with complaints about utility-related services. That sentence should be clarified to allow the Consumers' Counsel to assist Ohioans who call with complaints about utility-related services. Accordingly, I recommend changing the second sentence in ORC 4911.021 to: "However, for any calls received by the consumers' counsel concerning consumer complaints, the consumers' counsel may assist the consumers with their complaints or forward the calls to the public utilities commission's call center." This change would be consistent with providing services that the public would reasonably expect from a government agency that represents them. This clarification would not change the limitation in the first sentence of ORC 4911.021 against the Consumers' Counsel operating a telephone call center. And, in requesting this statutory change, I am not proposing any budget increase for assisting consumers with their complaints.

In conclusion, I appreciate the Administration's budget proposal for our services to 4.5 million Ohioans. And I look forward to working with you and your colleagues on issues affecting Ohio utility consumers. Thank you.

**EIA Data:** Table 5.6.B. Average Retail Price of Electricity to Ultimate Customers by End-Use Sector, by State, Year-to-Date through December 2016

<b>Residential</b>	
<b>State</b>	<b>December 2016 YTD</b>
1 Washington	9.09
2 Louisiana	9.33
3 North Dakota	9.62
4 Arkansas	9.82
5 Idaho	9.93
6 West Virginia	10.08
7 Oklahoma	10.14
8 Kentucky	10.24
9 Tennessee	10.30
10 Nebraska	10.60
11 Oregon	10.66
12 Montana	10.88
13 Utah	10.88
14 Wyoming	10.97
15 South Dakota	11.08
16 Missouri	11.21
17 Mississippi	11.27
18 North Carolina	11.28
19 Virginia	11.37
20 Georgia	11.54
21 Texas	11.56
22 Indiana	11.57
23 Florida	11.58
24 Iowa	11.63
25 Alabama	11.70
26 Minnesota	12.12
27 Colorado	12.12
28 Arizona	12.13
29 Kansas	12.34
30 New Mexico	12.47
31 Illinois	12.50
32 South Carolina	12.57
33 Nevada	12.76
34 Ohio	12.80
35 District of Columbia	12.99
36 Delaware	13.42
37 Pennsylvania	13.64
38 Maryland	13.82
39 Wisconsin	14.11
40 Michigan	14.42
41 Maine	15.61
42 New Jersey	15.81
43 California	16.99
44 Vermont	17.09
45 New Hampshire	18.50
46 New York	18.54
47 Rhode Island	19.29
48 Alaska	19.83
49 Massachusetts	19.83
50 Connecticut	20.94
51 Hawaii	29.60
<b>U.S. Total</b>	<b>12.67</b>

See Technical notes for additional information on the Commercial, Industrial, and Transportation sectors.

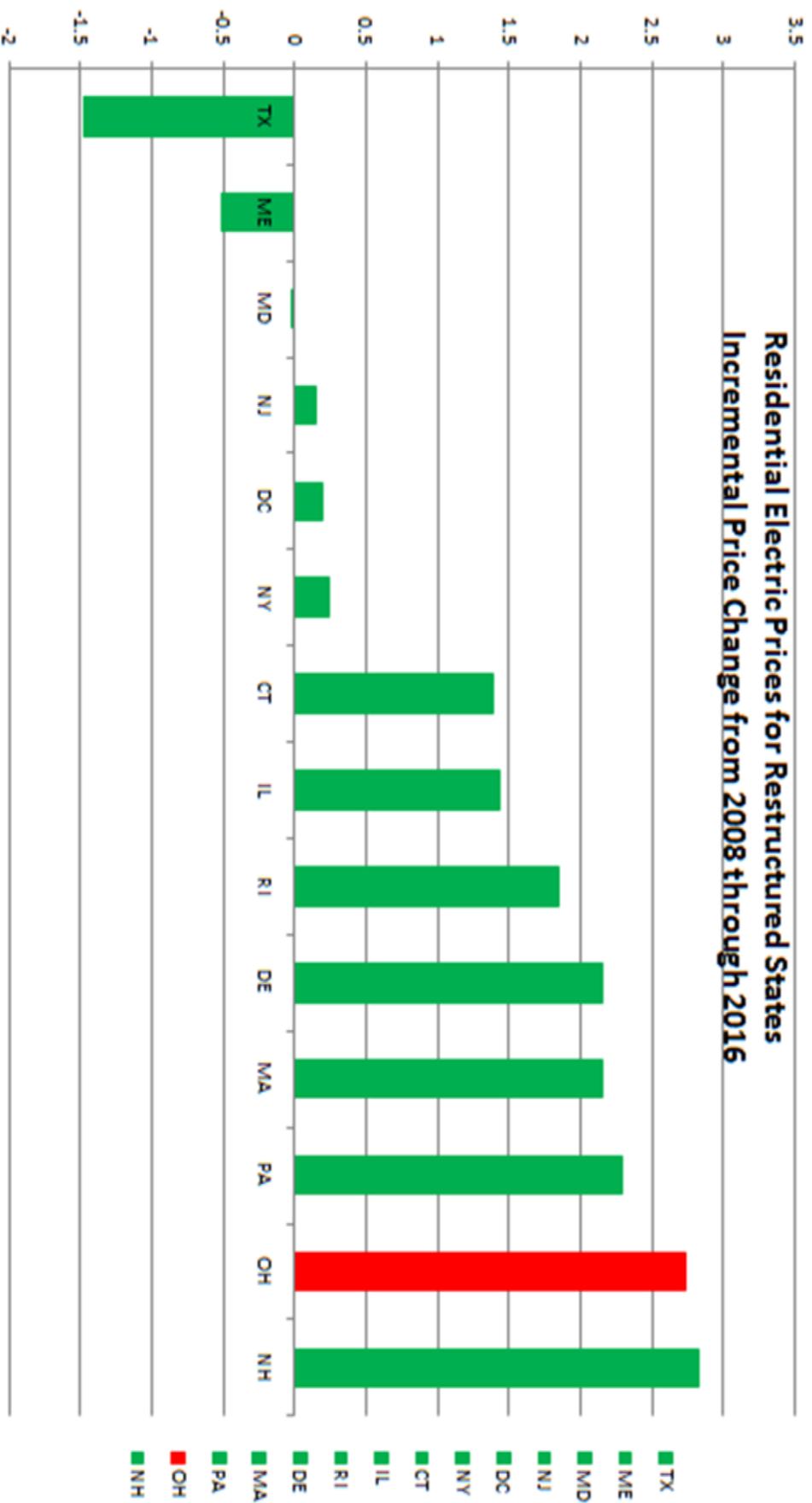
Notes: - See Glossary for definitions. - Values for 2016 are final.

See Technical Notes for a discussion of the sample design for the Form EIA-826.

Utilities and energy service providers may classify commercial and industrial customers based on either NAICS codes or demands or usage falling within specified limits by rate schedule.

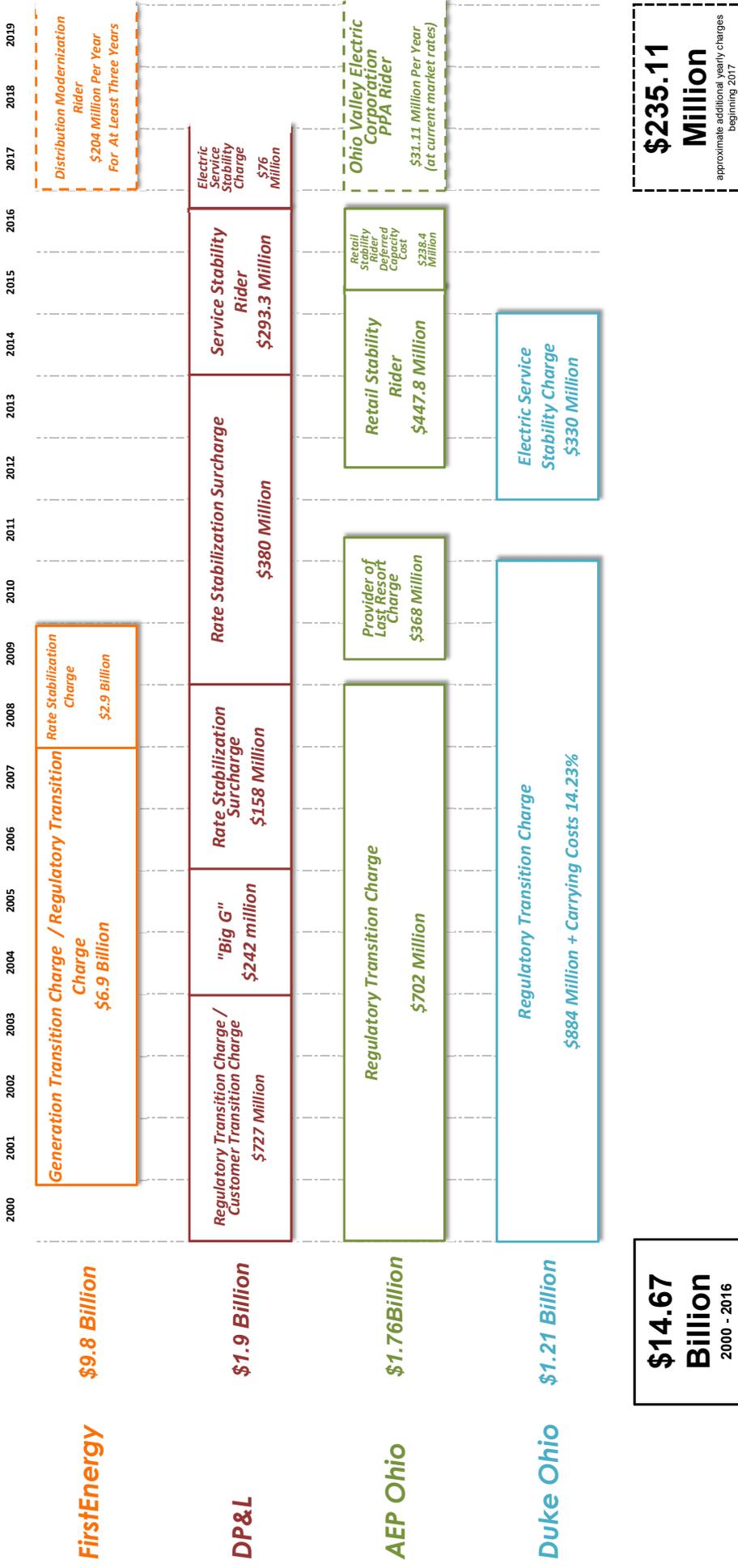
Changes from year to year in consumer counts, sales and revenues, particularly involving the commercial and industrial consumer sectors, may result from respondent implementation of changes in the definitions of consumers, and reclassifications.

### Residential Electric Prices for Restructured States Incremental Price Change from 2008 through 2016



Source: Energy Information Administration

# SUBSIDY SCORECARD - ELECTRIC UTILITY CHARGES TO OHIOANS



**\$14.67 Billion**  
2000 - 2016

**\$235.11 Million**  
approximate additional yearly charges beginning 2017